

# IDAHO NEWS RELEASE

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## **Idaho Farm Real Estate Values Continue Upward Trend; Rents Also Increase**

The average value of farm real estate in Idaho increased from \$1,280 per acre on January 1, 2003 to \$1,360 per acre on January 1, 2004, according to the Idaho Agricultural Statistics Service. The average value for cropland in Idaho increased from \$1,680 per acre to \$1,770 per acre. The average value of pasture increased from \$700 to \$725 per acre.

The U.S. farm real estate value, a measurement of the value of all land and buildings on farms, averaged \$1,360 per acre on January 1, 2004, up 7.1 percent from 2003. This is the largest percentage increase since 1994, when farm real estate values rose 8.0 percent from the previous year. The \$90 per acre increase is the largest dollar increase since 1980, when values climbed \$109 per acre above the 1979 value.

The increase in farm real estate values was driven by a combination of factors, including low interest rates, high commodity production and prices, and strong demand for nonagricultural land uses. Nationally, summarized survey data indicated that agricultural land with potential for immediate development (expected land use if sold) was valued at more than \$5,700 per acre. The survey also indicated that agricultural land with potential for future development was valued at nearly \$4,000 per acre. Demand for farm real estate as an investment continued, but was limited by strong appreciation of alternative investments.

Regional increases in the average value of farm real estate ranged from 5.2 percent in the Mountain region to 10.4 percent in the Lake region. The Mountain region, with its expanse of pasture and rangeland, has the lowest farm real estate value, at \$550 per acre. The highest average cropland values, at \$3,660 per acre, are in the Pacific region, where a significant portion of the cropland is irrigated.

Idaho cropland rented for cash averaged \$99 per acre in 2004. Irrigated cropland rented for cash averaged \$118 per acre in 2004, up from \$116 per acre in 2003; non-irrigated cropland averaged \$53 per acre in 2004, up from \$51 per acre in 2003.

At the national level, cash rents paid to landlords for cropland and pasture during the 2004 crop year rose sharply from 2003. Cropland cash rents paid in 2004 averaged 4.8 percent above a year earlier, advancing to \$76.50 per acre, compared with \$73.00 per acre for 2003. Pasture cash rents rose 6.7 percent, from \$9.00 per acre in 2003 to \$9.60 per acre in 2004. The increases in cropland and pasture rental rates reflected producers' optimism following the combination of high production and price levels of major U.S. agricultural commodities in 2003.

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